Clayton P. Brust, Esq. (SBN 5234)
Robison Belaustegui Sharp & Low
71 Washington Street
Reno, NV 89503
Tele: 775.329.3151
Attorney for Protection Technologies, Inc.

UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA

PROTECTION TECHNOLOGIES, INC.

Plaintiff,

vs.

KENNETH RIBLER, individually, and DOES I-X, inclusive,

Defendants.
_______________________________/

Case No.

VERIFIED COMPLAINT

Plaintiff, Protection Technologies, Inc. ("PROTECH," "Company," or "Plaintiff"), by and through its undersigned attorneys, for its complaint against defendant Kenneth Ribler ("Ribler" or "Defendant") alleges as follows:

INTRODUCTION

1. This action is brought to remedy Defendant's disloyal and unlawful conduct in: taking, retaining and misappropriating Plaintiff's property, including Plaintiff's confidential, proprietary, and trade secret information; attempting, immediately after being employed by Plaintiff, to divert customers to Plaintiff's competitor, Senstar; misappropriating Plaintiff's property and confidential information, immediately after his termination from the Company on February 16, 2017; and breaching his obligations to the Company.

2. Defendant was employed by Plaintiff as a Regional Sales Manager on March

29, 2016. Defendant's job was, among other things, to actively promote the sales of PROTECH, introduce new products to end users, installers, integrators/dealers, distributors, A&E firms as well as any company that may be involved with security systems design. Defendant was also involved in frequent training and conducting joint customer sales meetings with selling manufacturers' representatives (Sales Rep Firms), ongoing management of Sales Rep Firm expectations and contributions, site surveys of potential sites and existing sites to ensure successful design and future operation of products, providing weekly updates of sales activity to PROTECH, providing timely sales forecasts, development of marketing campaigns.

3. As part of his employment with PROTECH, Defendant was necessarily given access to PROTCH's proprietary customer information, marketing strategies, operational methods and strategies, and other trade secret information.

4. Unbeknownst to Plaintiff, immediately after Defendant was terminated by PROTECH, Defendant illegally downloaded all of PROTECH's customer information onto a private drive and actively and deceptively misappropriated Plaintiff's confidential and proprietary documents, including trade secrets, and, upon information and belief, then shared the information with Senstar. Defendant continues to possess Plaintiff's confidential information.

5. Plaintiff brings this action for: (1) misappropriation under the Defend Trade Secrets Act ("DTSA"), 18 U.S.C. § 1836; (2) misappropriation under Nevada Revised Statutes § 600A.010, et seq.; (3) breach of fiduciary duty and duty of loyalty; (4) tortious interference with contract.

6. As of the filing of this Complaint, Defendant has misappropriated and converted, and continues to unlawfully misappropriate and convert, Plaintiff's confidential and proprietary documents, including trade secrets. Plaintiff respectfully seeks remedies against Defendant, including injunctive and monetary relief, damages, lost profits, an accounting, forfeiture of illicit wages and other relief.

Robison, Belaustegui, Sharp & Low
71 Washington St.
Reno, NV 89503
(775) 329-3151

THE PARTIES

7. Plaintiff PROTECH is a corporation, organized and existing under the laws of the State of Nevada, with its principal place of business in Sparks, Nevada. Plaintiff is engaged in the business, inter alia, of marketing, distributing, and selling supplies, equipment and other services related to security for its customers' property and premises.

8. Defendant Kenneth Ribler is an individual, residing, on information and belief, in Ashburn Virginia. From March 29, 2016 until February 16, 2017, Defendant Ribler was an employee of PROTECH, was paid all compensation from the State of Nevada, received all of his employment direction from the State of Nevada, reported to the State of Nevada and was generally employed under the laws of the State of Nevada.

JURISDICTION

8. This Court has original jurisdiction of this action pursuant to the Defend Trade Secrets Act, 18 U.S.C. § 1836(c) and 28 U.S.C. § 1331. This Court has supplemental jurisdiction over the other claims asserted herein, pursuant to 28 U.S.C. § 1367.

ALLEGATIONS APPLICABLE TO ALL CLAIMS

9. Defendant was employed by Plaintiff as a Regional Sales Manager on March 29, 2016. Defendant's job was, among other things, to actively promote the sales of PROTECH, introduce new products to end users, installers, integrators/dealers, distributors, A&E firms as well as any company that may be involved with security systems design. Defendant was also involved in frequent raining and conducting joint customer sales meetings with selling manufacturers' representatives (Sales Rep Firms), ongoing management of Sales Rep Firm expectations and contributions, site surveys of potential sites and existing sites to ensure successful design and future operation of products, providing weekly updates of sales activity to PROTECH, providing timely sales forecasts, development of marketing campaigns.

10. As part of his employment with PROTECH, Defendant was necessarily

Robison, Belaustegui,
Sharp & Low
71 Washington St.
Reno, NV 89503
(775) 329-3151

given access to PROTCH's proprietary customer information, marketing strategies, operational methods and strategies, and other trade secret information.

11. As an employee and former employee of PROTECH, Defendant was obligated, by law and contract, to devote his full and utmost loyalty and good faith to Plaintiff, and was prohibited from engaging in any actions or conduct in violation of these duties, or which competed with, or tended to harm the Plaintiff, and/or which would assist or further the interests of a competitor.

12. Defendant Ribler also agreed to abide by PROTECH's confidentiality agreement, which stated, in part:

> During the course of work, an employee may become aware of confidential information about Protech's business, including but not limited to information regarding Company finances, pricing, products and new product development, software and computer programs, marketing strategies, suppliers, customers and potential customers, and knowledge, skills and abilities of personnel. An employee also may become aware of similar confidential information belonging to the Company's clients. It is extremely important that all such information remain confidential, and particularly not be disclosed to our competitors. Any employee who improperly copies, removes (whether physically or electronically), uses or discloses confidential information to anyone inside or outside of the Company may be subject to disciplinary action, up to and including discharge.

13. Both his duties under law, and his agreements with PROTECH, restricted him from stealing Plaintiff's property, misappropriating Plaintiff's trade secrets, confidential information and other property.

14. Unbeknownst to Plaintiff, immediately after Defendant was terminated by PROTECH, Defendant illegally downloaded all of PROTECH's customer information onto a private drive and actively and deceptively misappropriated Plaintiff's confidential and proprietary documents, including trade secrets, and, upon information and belief, then shared the information with Senstar. Defendant continues to possess Plaintiff's

Robison, Belaustegui,
Sharp & Low
71 Washington St.
Reno, NV 89503
(775) 329-3151

confidential information

Plaintiff's Confidential, Proprietary, and Trade Secret Information

A. Company Confidential Data Used by Ribler

15. As a Regional Sales Manager, Defendant had access to substantial confidential PROTECH information related to PROTECH's customers, products, margins, profit percentages and markets, and the products PROTECH's customers purchased.

16. Defendant as part of his employment with PROTECH, helped PROTECH generate, develop, compile and analyze, substantial information concerning each customer, including their product preferences, buying patterns, credit profiles, customer invoices and pricing, customer practices, margins and profit variances, and the exact amount and type of business transactions with each customer. PROTECH made such information available to Defendant to enable him to effectively service customers, address customer needs and offer additional products at suitable prices. PROTECH spends substantial amounts of money in obtaining, compiling, developing and analyzing this data and information, and then in making it available, together with extensive analysis, for use by its sales force, including by means of advanced analytical tools and computer programs.

17. The data generated, compiled, analyzed and maintained by PROTECH, and the associated analytic tools, provided Defendant with extensive, confidential Company data and analysis on each customer and product they deal with. This includes the Company's confidential data and analysis on gross profit by product and by customer, gross profit percentages, gross profit variance, historical invoices, product and payment data, credit limits, customer purchasing trends, specific product preferences and pricing of individual customers as well as of the customer base, potential discounted pricing and sales plans, current, historical, and projected volumes, costs, technical criteria, and other related data, as well as analysis of purchasing by product, specialty, market

Robison, Belaustegui,
Sharp & Low
71 Washington St.
Reno, NV 89503
(775) 329-3151

segment, and others. The data and the proprietary analytical tools provide curated insights on how PROTECH does business, and provide data analytics of sales to every customer and of every product sold.

18. This extensive data and analysis, to which Defendant had access and has now misappropriated, is confidential PROTECH data and information, not available to competitors and others, and constitutes PROTECH's trade secrets. This information was available to Defendant only by virtue of his position and employment with the Company. Using this PROTECH data, Defendant (or a competitor of PROTECH) can isolate markets, customers, specialties, prices, margins, gross profit percentages, product sales, and other confidential data and analysis, to gain a competitive advantage related to individual customers, product categories, pricing and products. This data and information, which is developed and analyzed by the Company at substantial cost, has significant economic value to the Company because it is not available to competitors and others.

B. Defendant Ribler's Access to Confidential PROTECH Data, Analysis and Tools

19. Defendant obtained confidential PROTECH data and analysis by logging into the PROTECH computer system with his Company computer and passwords designed to protect the data.

20. PROTECH spent substantial amounts of time, energy and money to compile and analyze this data and information, to develop the analytical programs, and to make this material accessible to Defendant and to protect the information from access by third parties.

C. Reasonable Measures Taken to Protect PROTECH's Confidential Information

21. The data and information provided to Defendant through these tools are confidential and proprietary to PROTECH; they are PROTECH's trade secrets. They are available to Defendant and other authorized PROTECH employees only by virtue of their employment with PROTECH, and are to be used solely to further PROTECH's

Robison, Belaustegui, Sharp & Low
71 Washington St.
Reno, NV 89503
(775) 329-3151

business, customer sales and good will. A competitor who had access to this data and analysis would have an unfair competitive advantage that could enable them, for example, to use PROTECH's own data and analysis, to underprice PROTECH's price quotations, and to better service and divert customers.

22. PROTECH has taken significant steps to protect its confidential and proprietary information. As set forth above, Defendant and other employees are required to agree to confidentiality and nondisclosure agreements, such as the Confidentiality Agreement portion of the employee handbook.

23. Further, PROTECH employees are able to gain access to PROTECH's data and information, only by means of password protected entry points.

24. Plaintiff has spent and continues to spend significant amounts of time and money in developing, improving and protecting its confidential, proprietary, and trade secret information, and the tools used to access and utilize that data.

25. The confidential, proprietary, and trade secret information has independent economic value in that it consists of information that is neither generally known nor readily ascertainable within the industry through lawful means. Plaintiff has made reasonable efforts to ensure the secrecy of its confidential, proprietary, and trade secret information, and the confidential, proprietary, and trade secret information constitutes a trade secret that merits legal protection from unauthorized disclosure, misappropriation, dissemination and/or use.

Defendant's Theft and Misappropriation of PROTECH's Information, and Attempts to Divert Plaintiff's Customers

26. Unbeknownst to Plaintiff, immediately after his termination, On February 17, 2017 starting at 4:46 AM EST Defendant began to export the Company's confidential, proprietary, and trade secret documents and information. Defendant did this by, downloading from Plaintiff's "Insightly" Customer Management System customer "Organizations and Notes", "Contacts and Notes" and "Opportunities and Notes",

Robison, Belaustegui,
Sharp & Low
71 Washington St.
Reno, NV 89503
(775) 329-3151

information containing Plaintiff's trade secret reports and information. February 17, 2017 was the first on only time Ken Ribler had ever exported from Insightly. In an attempt to conceal his unlawful conduct, Defendant also deleted these emails from his PROTECH account. This conduct by Defendant was absolutely improper and unlawful, and was an attempt by Defendant to steal Plaintiff's information and to conceal his conduct in order to get an unlawful competitive advantage.

27. After PROTECH discovered Ribler had downloaded customer information, the Company reviewed his Company email account, and the Company system; this review showed the improper conduct, including the following:

a. Exporting Proprietary Customer Organizations and Notes

b. Exporting Proprietary Customer Contacts and Notes

c. Exporting Proprietary Customer Sales Opportunities and Notes

All of these documents that Defendant Ribler emailed to himself and/or downloaded were the property of PROTECH. All of these materials: contained confidential and proprietary PROTECH information; had value because they were not known to or reasonable available through lawful means by competitors; contained PROTECH's trade secret information; and were to be utilized only in the good faith conduct of PROTECH's business. All of these documents were obtained and taken from the internal records of PROTECH, which are available only to PROTECH employees in the lawful conduct of PROTECH business. Defendant, on information and belief, took these documents, for unlawful and improper use in trying to compete unfairly against PROTECH.

28. On February 17, 2017, the day after he was terminated, Defendant unlawfully accessed the PROTECH computer system. At this time, Ribler was no longer employed by PROTECH, and his access of the PROTECH computer system was unlawful.

29. Defendant took and misappropriated Plaintiff's trade secret information by

Robison, Belaustegui, Sharp & Low
71 Washington St.
Reno, NV 89503
(775) 329-3151

unlawful and improper means, as alleged above, and without Plaintiff's consent. On information and belief, Defendant has used and intends to continue to use, Plaintiff's trade secret information that he took, to compete unfairly with Plaintiff.

30. Upon information and belief, Defendant misappropriated additional trade secret information, and diverted additional orders and sales, which have not yet been discovered.

31. As a direct result of Defendant's conduct as aforesaid, PROTECH faces potential future losses of customers and goodwill. Further, Plaintiff has had to incur costs and retain counsel to investigate and remedy Defendant's conduct.

32. Defendant's breaches and violations of contract, law and duty as alleged herein, have damaged and will damage Plaintiff, in that they harm and tend to harm Plaintiff by damaging plaintiff's business good will, interfering with its customer relationships, and resulting in diversion and loss of sales and customers. Plaintiff has suffered and will continue to suffer lost sales, loss in the value of its relationships, and will be forced to incur attorneys' fees and other costs to protect its interests. PROTECH's good will with customers has been damaged and interfered with, and its reputation harmed.

33. Defendant's actions reflect his blatant disregard for legal and contractual obligations and evinces intent to continue with these violations.

FIRST CLAIM FOR RELIEF
Misappropriation of Trade Secrets Under the Defend Trade Secrets Act
(18 U.S.C. § 1836, et seq.)

34. Plaintiff repeats, realleges, and incorporates by reference the prior allegations of this Complaint as if fully set forth herein.

35. Plaintiff owned and possessed certain confidential, proprietary and trade secret information, as alleged above.

36. This confidential, proprietary, and trade secret information relates to

Robison, Belaustegui,
Sharp & Low
71 Washington St.
Reno, NV 89503
(775) 329-3151

products and services used, sold, shipped and ordered in, or intended to be used, sold, shipped and/or ordered in, interstate or foreign commerce.

37. Plaintiff has taken reasonable measures to keep such information secret and confidential.

38. This confidential, proprietary, and trade secret information derives independent economic value from not being generally known to, and not being readily ascertainable through proper means by another person who could obtain economic value from the disclosure or use of the information.

39. In violation of Plaintiff's rights, Defendant misappropriated the confidential, proprietary and trade secret information in the improper and unlawful manner as alleged herein.

40. Defendants' misappropriation of the confidential, proprietary, and trade secret information was intentional, knowing, willful, malicious, fraudulent, and oppressive.

41. Defendant has failed to return Plaintiff's confidential and trade secret information, and attempted to conceal his theft of such information. On information and belief, if Defendant's conduct is not remedied, and if Defendant is not enjoined, Defendant will continue to misappropriate, disclose, and use for his own benefit and to Plaintiff's detriment, Plaintiff's trade secret information.

42. As the direct and proximate result of Defendant's conduct as aforesaid, Plaintiff has suffered and, if Plaintiff's conduct is not stopped, will continue to suffer, irreparable injury and significant damages, in an amount to be proven at trial.

43. Because Plaintiff's remedy at law is inadequate, Plaintiff seeks, in addition to damages, temporary, preliminary, and permanent injunctive relief to recover and protect its confidential, proprietary, and trade secret information and other legitimate business interests. Plaintiff's business is reliant on its business reputation and its ability to maintain and grow its client base in a competitive market and will continue suffering

Robison, Belaustegui,
Sharp & Low
71 Washington St.
Reno, NV 89503
(775) 329-3151

irreparable harm absent injunctive relief.

44. Plaintiff has a substantial likelihood of success on the merits because of Defendant's blatant, willful, and malicious misappropriation of trade secrets through the improper and unlawful methods, as alleged herein.

45. Plaintiff has been damaged by all of the foregoing, and is entitled to its damages, in an amount to be determined at trial, as well as an award of exemplary damages and attorney's fees.

SECOND CLAIM FOR RELIEF
Misappropriation of Trade Secrets Under the California Uniform Trade Secrets Act
(Nevada Revised Statutes § 600A.010, et seq.)

46. Plaintiff repeats, realleges, and incorporates by reference the prior allegations of this Complaint as if fully set forth herein.

47. Plaintiff owned and possessed confidential and proprietary documents and data containing trade secrets, including, but not limited to, customer lists, analyses and information, all as alleged herein.

48. Plaintiff made reasonable efforts to keep secret the information contained in these confidential and proprietary documents, by, among others, limiting access to confidential information, requiring employees, including Defendant, to sign confidentiality agreements, implementing employment policies that required confidentiality, and limiting computerized access.

49. Plaintiff's trade secrets contained in the documents and data alleged herein derive independent economic value, both actual and potential, from not being generally known to other persons, businesses, or the public, who could obtain economic value from their disclosure or use.

50. In violation of Plaintiff's rights at law and under contracts, Defendant misappropriated the trade secret data, documents and information described herein by secretly emailing key documents to himself by exporting confidential documents and

Robison, Belaustegui,
Sharp & Low
71 Washington St.
Reno, NV 89503
(775) 329-3151

information to himself, and by taking the other actions alleged herein.

51. As the direct and proximate result of Defendant's misappropriation as aforesaid, Plaintiff has suffered and, if Plaintiff's conduct is not enjoined, will continue to suffer irreparable injury, as well as damages in an amount to be determined at trial.

52. Because Plaintiff's remedy at law is inadequate, Plaintiff seeks, in addition to its damages, temporary, preliminary and permanent injunctive relief to recover and protect its trade secrets and other legitimate business interests.

53. Plaintiff has a substantial likelihood of success on the merits because of Defendant's blatant misappropriation of trade secrets as set forth herein.

54. Defendant's acts were malicious, fraudulent, and oppressive, and were done with conscious disregard of Plaintiff's rights in that Defendant misappropriated Plaintiff's trade secret information intentionally and knowingly and with a deliberate intent to benefit himself and injure Plaintiff's business. Plaintiff is entitled to its damages, in an amount to be determined at trial, as well as injunctive relief, and an award of punitive damages and/or treble damages and attorney's fees pursuant to Nevada law, including, but not limited to NRS 600A.010, *et seq.*.

THIRD CLAIM FOR RELIEF
Breach of Fiduciary Duty and Duty of Loyalty

55. Plaintiff repeats, realleges, and incorporates by reference the prior allegations of this Complaint as if fully set forth herein.

56. As an employee of Plaintiff, Defendant owed Plaintiff his undivided loyalty and was obligated to act with the utmost good faith, and in the best interests of Plaintiff.

57. Plaintiff was entitled to place its trust and confidence in Defendant and to expect Defendant to act with the utmost good faith toward it in carrying out the business of Plaintiff.

58. Plaintiff relied on Defendant's loyalty and integrity and his faithful

Robison, Belaustegui,
Sharp & Low
71 Washington St.
Reno, NV 89503
(775) 329-3151

performance of his duties and responsibilities.

59. Defendant took advantage of Plaintiff's faith in him by not performing his duties to Plaintiff, by acting in conflict of interest, by engaging in business for his own account and, upon information and belief, for Plaintiff's competitor, Senstar, and in competition with Plaintiff, and by deceiving Plaintiff and concealing his improper conduct.

60. Defendant knowingly and willing breached his duty of loyalty to Plaintiff by scheming to deceive and defraud Plaintiff, misappropriating and stealing PROTECH's confidential and trade secret information, attempting to divert customers from Plaintiff, and diverting and misappropriating Plaintiff's trade secrets, confidential and proprietary business information, and customers.

61. Defendant acted in a manner inconsistent with his agency and trust by soliciting Plaintiff's customers on his own behalf, and on behalf of Plaintiff's competitors, and by diverting and misappropriating Plaintiff's sales, profits and property; Defendant acted on his own behalf, and against Plaintiff's interests, while employed by PROTECH and immediately after being terminated by PROTECH.

62. As a direct and proximate result of Defendant's disloyalty to Plaintiff and breach of his duties, Plaintiff has been and is being harmed. Plaintiff is entitled to its damages, in an amount to be determined at trial, as well as disgorgement from Defendant, and the forfeiture and return of all monies and compensation paid to him during his period of disloyalty, the exact amount to be determined at trial. Plaintiff is further entitled to injunctive relief against Defendant and all those acting in concert or participation with him, remedying their past improper conduct, and preventing such conduct in the future.

63. Defendant is, on information and belief, still in possession of PROTECH's confidential and trade secret information, and, on information and belief is able to access and use this information. Further, on information and belief, Defendant shared

Robison, Belaustegui,
Sharp & Low
71 Washington St.
Reno, NV 89503
(775) 329-3151

this confidential information with others who may use, or are using the information to Plaintiff's detriment.

64. As a direct and proximate result of Defendant's disloyalty, Plaintiff has been irreparably injured, and has suffered damages in an amount to be determined at trial. Because its remedy at law is inadequate, Plaintiff seeks, in addition to its damages, preliminary and permanent injunctive relief, enjoining Defendant, and all those acting in concert or participation with him, from further improper conduct, and from dealing with the customers whose confidential information he misappropriated, and further remedying their improper conduct as aforesaid.

FOURTH CLAIM FOR RELIEF
Tortious Interference with Prospective Economic Advantage

65. Plaintiff repeats, realleges, and incorporates by reference the prior allegations of this Complaint as if fully set forth herein.

66. Plaintiff had a reasonable business expectancy and ongoing relationship with its customers. Plaintiff had a reasonable expectation in engaging in business with, and in earning profits in connection with sales to, (a) its existing customers, (b) new customers, and (c) customers who were involved in negotiations and discussions with Plaintiff while Defendant was employed by Plaintiff.

67. Defendant knew of Plaintiff's business relationship and business expectancy from the customers.

68. Defendant intentionally, and in violation of his duties, interfered with that expectancy by diverting existing and prospective accounts, and by other proper means. Defendants engaged in this diversion through fraudulent and deceitful conduct, such as that alleged herein, and other conduct that may be discovered.

69. Defendant's misconduct was intentional, outrageous, and deceitful, and committed in reckless disregard of their duties and Plaintiffs' rights.

70. As a direct and proximate result of Defendant's improper conduct, Plaintiff

Robison, Belaustegui,
Sharp & Low
71 Washington St.
Reno, NV 89503
(775) 329-3151

has suffered damages including lost profits, the exact amount to be determined at trial.

71. In addition, Defendant's wrongful acts also were willful, oppressive, malicious and/or fraudulent, thereby justifying an award of punitive damages.

WHEREFORE, Plaintiff respectfully demands judgment in its favor and against Defendant as follows:

A. Awarding damages as described in each of the above claims, in favor of Plaintiff and against Defendant in amounts to be determined at trial, and further directing forfeiture and disgorgement of all amounts paid by Plaintiff to Defendant during the period of disloyalty.

B. Granting a temporary and permanent injunction against Defendant, enjoining him from violating his legal and contractual duties to Plaintiff, from soliciting or accepting business from Plaintiffs customers whose data he took, and from using Plaintiffs confidential and proprietary information, and directing return of all of Plaintiffs property.

C. Awarding punitive damages in favor of Plaintiff and against Defendant in the amount of $500,000, the exact amount to be determined at trial.

D. Awarding Plaintiff pre-judgment and post-judgment interest, and its attorneys' fees, costs and other expenses incurred in this action;

E. Granting Plaintiff such other and further relief as this Court deems just and proper.

DATED this 7th day of March, 2017.

ROBISON, BELAUSTEGUI, SHARP & LOW
A Professional Corporation
71 Washington Street
Reno, NV 89503

Clayton P. Brust, Esq. (SBN 5234)
Attorney for Protection Technologies, Inc.

Robison, Belaustegui, Sharp & Low
71 Washington St.
Reno, NV 89503
(775) 329-3151

VERIFICATION
Pursuant to NRS 15.010(5)

Under the penalties of perjury, the undersigned declares that he, on behalf of Plaintiff Protection Technologies, Inc., is the Plaintiff named in the foregoing Verified Complaint and knows the contents thereof; that the pleading is true of his own knowledge, except to those matters stated on information and belief, and that as to such matters he believes it to be true.

Dated: March 7th, 2017.

Larry Thomas, Vice President
Protection Technologies, Inc.

Robison, Belaustegui,
Sharp & Low
71 Washington St.
Reno, NV 89503
(775) 329-3151